

**TOWN OF EASTON, CONNECTICUT**

**JUNE 30, 2009**

# TOWN OF EASTON, CONNECTICUT

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## Independent Auditors' Report

Board of Finance  
Town of Easton  
Easton, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 45 through 48 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Easton, Connecticut's basic financial statements. The accompanying financial information listed as supplemental schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2009 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Blum, Shapiro & Company, P.C.*

December 24, 2009

**TOWN OF EASTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009**

Management of the Town of Easton offers readers these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009.

The purpose of the MD&A is to provide to the reader an interpretation of the financial information and results of the fiscal year.

**Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$58,560,418 (*net assets*). Of this amount, \$6,959,997 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$2,112,248. Substantially all of the increase is attributable to capital expenditures in excess of depreciation expense and an increase in property tax revenue.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined deficit ending fund balance of \$(2,054,116). The deficit is attributable to capital projects that have not yet been permanently financed.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was \$3,685,291 or 9.2 % of total general fund expenditures and transfers out.
- The Town's total long-term obligations decreased by \$2,610,000 during the current fiscal year.

**Overview of the Basic Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town of Easton's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present only government activities whose functions are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government, public safety, public works, health and welfare, education, library, and parks and recreation.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resource, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and bonded capital project fund, both of which are considered to be a major fund. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** The Town maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for the Board of Education medical insurance benefits. This activity has been included within governmental activities in the government-wide financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$58,560,418 at the close of the most recent fiscal year.

A large portion of the Town's net assets (88.1%) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### **NET ASSETS JUNE 30, 2009 AND 2008**

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2008</b>
Current and other assets	\$ 13,388,939	\$ 13,976,388
Capital assets, net of accumulated depreciation	92,872,074	86,217,338
Total assets	<u>106,261,013</u>	<u>100,193,726</u>
Long-term debt outstanding	33,352,859	35,833,619
Other liabilities	14,347,736	7,911,937
Total liabilities	<u>47,700,595</u>	<u>43,745,556</u>
Net Assets:		
Invested in capital assets, net of debt	51,600,421	48,297,338
Unrestricted	<u>6,959,997</u>	<u>8,150,832</u>
Total Net Assets	<u>\$ 58,560,418</u>	<u>\$ 56,448,170</u>

None of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$6,959,997, may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in both categories of net assets for the Town as a whole.

**CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2008</b>
Revenues:		
Program revenues:		
Charges for services	\$ 2,532,048	\$ 1,642,250
Operating grants and contributions	2,861,357	6,259,320
Capital grants and contributions	704,000	100,000
General revenues:		
Property taxes	36,009,839	34,899,834
Grants and contributions not restricted to specific purposes	280,850	290,190
Investment income	474,555	666,075
Miscellaneous	47,636	111,534
Total revenues	42,910,285	43,969,203
Program expenses:		
General government	4,092,538	3,286,740
Public safety	3,664,813	3,156,500
Public works	3,285,768	2,542,010
Health and welfare	1,062,518	385,297
Education	25,363,524	28,975,752
Library	776,519	711,604
Parks and recreation	979,176	779,966
Interest expense	1,573,181	1,699,680
Total expenses	40,798,037	41,537,549
Increase in Net Assets	2,112,248	2,431,654
Net Assets - Beginning of Year	56,448,170	54,016,516
Net Assets - End of Year	\$ 58,560,418	56,448,170

Property taxes increased by \$1,110,005 (3.2%) during the year. Most of this increase is to fund normal operating increases including debt service.

Operating grants decreased by \$3,397,963 (54.3%) during the year. Most of this decrease is due to the reduced contribution by the State for the teachers' retirement fund.

Capital grants and contributions increased by \$604,000 (604%) during the year. This increase is due to a grant to fund the construction of the senior center.

**Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's

financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported a combined ending fund balance deficit of \$(2,054,116). This is mainly due to capital projects that have not yet been permanently financed.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unreserved, undesignated fund balance was \$3,685,291. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total general fund expenditures. Unreserved and undesignated fund balance represents 9.2% of total general fund expenditures and other financing uses, while total fund balance represents 12.4% of that same amount.

### **General Fund Budgetary Highlights**

The most significant difference between the original budget and the final amended budget included additional appropriations of \$69,695 and budget transfers of \$96,355 from various departments to the transfers out account to purchase equipment. The Board of Finance made special appropriations to the following departments: Technology, Senior Center, Municipal Agent, 660 Morehouse Road Facilities, Building, and Town Vault Renovations.

Significant budget variances were positive variances as follows: A total of \$77,441 for general government from various departments, \$79,712 from the police department due to new personnel rates and worker compensation reimbursements, \$74,990 from the public works department and \$35,736 from the EMS department due to workers' compensation reimbursements, \$85,215 from contingency as there were no significant compensation payouts, \$165,418 in the fringe benefits due to employees election to accept "in lieu of" the medical coverage and \$37,480 from debt service due to not permanently bonding this fiscal year.

### **Bonded Capital Projects Fund**

This fund accounts for financial resources from general obligation bonds to be used for major capital asset construction and/or purchases.

### **Capital Assets and Debt Administration**

**Capital assets.** The Town's investment in capital assets as of June 30, 2009 is \$92,872,074 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles.

Major capital asset events during the current fiscal year included the following:

- The completion of a new Little League ball field at the SSES property location fund with the Little League Association, Park and Recreation Activity Fund and a Steap Grant.
- The completion of the new Senior Center Renovation Capital Project funded by a Small Cities Grant, Steap Grant and the Town.
- The Central Office of the Board of Education moved from Monroe to the 660 Morehouse Road location (the old SSES Building).
- The (Old SSES) 660 Morehouse Road facilities and the Easton Country Day School is being renovated with a Fire Suppression System.
- EMS Building Renovation Project to be reimbursed by LoCIP.
- The Wells Hill Bridge Project.
- The remaining additions and deletions consisted of various equipment and vehicles for Town departments.

**CAPITAL ASSETS  
(Net of Depreciation)**

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2008</b>
	<u>2009</u>	<u>2008</u>
Land	\$ 19,028,656	\$ 12,878,656
Construction in progress	1,549,038	8,420
Land improvements	439,332	236,876
Buildings	53,822,153	54,686,832
Building improvements	247,665	172,868
Machinery and equipment	337,142	323,273
Vehicles	1,519,875	1,645,589
Infrastructure	<u>15,928,213</u>	<u>16,264,824</u>
 Total	 <u>\$ 92,872,074</u>	 <u>\$ 86,217,338</u>

Additional information on the Town's capital assets can be found in Note 5 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town had total debt outstanding of \$41,385,000. All of this debt comprises debt backed by the full faith and credit of the Town.

**OUTSTANDING DEBT  
General Obligation Bonds and Notes**

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2008</b>
	<u>2009</u>	<u>2008</u>
General obligation bonds - Town improvements	\$ 5,902,500	\$ 6,525,500
General obligation bonds - School improvements	25,557,500	27,544,500
Bond anticipation notes	<u>9,925,000</u>	<u>3,850,000</u>
 Total	 <u>\$ 41,385,000</u>	 <u>\$ 37,920,000</u>

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$10,514,240.

On November 7, 2008, the Town issued \$9,925,000 in bond anticipation notes. The interest rate for the notes was 3.25%. The notes were for the elementary school, water main and land acquisition.

During the fiscal year, the Town made bond principal payments of \$12,115,000 for school and general purpose debt.

The Town maintains an "AAA" credit rating from Standard and Poor's for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$251,017,305 which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 8 of this report.

### **Economic Factors and Next Year's Budget and Rates**

The following are some factors that were considered in preparing the Town's budget for the 2010 fiscal year:

- The unemployment rate for the Town is currently 5.3%. This compares favorably to the state's average unemployment rate of 7.9% and the national average rate of 9.5 %.
- Inflationary trends in the region compare favorably to national indices.
- The former elementary school building is partially leased to a private school and partially utilized by the Town's Senior Center and leased by Central Office of the Board of Education.
- Town's elected and appointed officials considered Town-wide trends when setting the fiscal year 2010 budget. The Town decided that it was important to continue to support the school system and adopt a budget designed to promote long-term financial stability, conservative budgeting and at the same time, providing excellent services to our residents and taxpayers. In order to meet these objectives, some unions and non-represented employees have agreed to defer wages for (6) six months.
- At June 30, 2009, unreserved and undesignated fund balance in the general fund was \$3,685,291.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chairman, Board of Finance or the Office of the Comptroller, Town of Easton, 225 Center Road, Easton, Connecticut 06612.

## TOWN OF EASTON, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 4,214,604
Investments	7,487,592
Receivables, net	1,392,144
Other assets	1,522
Bond issuance costs	95,302
Total current assets	<u>13,191,164</u>
Noncurrent assets:	
Capital assets:	
Assets not being depreciated	20,577,694
Assets being depreciated, net	72,294,380
Total capital assets	<u>92,872,074</u>
Net pension asset	197,775
Total noncurrent assets	<u>93,069,849</u>
Total assets	<u>106,261,013</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	3,704,958
Due to Regional School District No. 9	600,723
Unearned revenue	96,856
Unamortized bond premiums	20,199
Bond anticipation notes	9,925,000
Total current liabilities	<u>14,347,736</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	2,888,255
Long-term liabilities due in more than one year	30,464,604
Total noncurrent liabilities	<u>33,352,859</u>
Total liabilities	<u>47,700,595</u>
Net Assets:	
Invested in capital assets, net of related debt	51,600,421
Unrestricted	<u>6,959,997</u>
Total Net Assets	<u>\$ 58,560,418</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF EASTON, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues				Net Expenses and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 4,092,538	\$ 499,523	\$ 729,492	\$	\$ (2,863,523)
Public safety	3,664,813	222,509	1,242		(3,441,062)
Public works	3,285,768	911,163	4,118		(2,370,487)
Health and welfare	1,062,518	513,913		704,000	155,395
Education	25,363,524	19,451	2,126,505		(23,217,568)
Library	776,519	35,101			(741,418)
Parks and recreation	979,176	330,388			(648,788)
Interest and fiscal charges	1,573,181				(1,573,181)
Total governmental activities	<u>\$ 40,798,037</u>	<u>\$ 2,532,048</u>	<u>\$ 2,861,357</u>	<u>\$ 704,000</u>	<u>(34,700,632)</u>
General revenues:					
Property taxes					36,009,839
Grants and contributions not restricted to specific programs					280,850
Investment income					474,555
Miscellaneous					47,636
Total general revenues					<u>36,812,880</u>
Change in net assets					2,112,248
Net Assets - Beginning of Year					<u>56,448,170</u>
Net Assets - End of Year					<u>\$ 58,560,418</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2009**

	<b>General</b>	<b>Bonded Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 336,132	\$ 814,310	\$ 3,064,162	\$ 4,214,604
Investments	6,908,138		579,454	7,487,592
Receivables:				
Property taxes	626,145			626,145
Accounts	65,917		115,593	181,510
Intergovernmental	345,963		1,010	346,973
Other assets	1,522			1,522
<b>Total Assets</b>	<b>\$ 8,283,817</b>	<b>\$ 814,310</b>	<b>\$ 3,760,219</b>	<b>\$ 12,858,346</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 714,881	\$ 751,381	\$ 794,362	\$ 2,260,624
Accrued liabilities	982,009			982,009
Due to Regional School District No. 9	600,723			600,723
Due to other funds	144,385			144,385
Unearned revenue	919,328	80,393		999,721
Bond anticipation notes		9,925,000		9,925,000
<b>Total liabilities</b>	<b>3,361,326</b>	<b>10,756,774</b>	<b>794,362</b>	<b>14,912,462</b>
Fund balances:				
Unreserved, reported in:				
Designated for subsequent year's budget	1,000,000			1,000,000
Designated for potential claims	140,000			140,000
Designated for debt service	97,200			97,200
General Fund	3,685,291			3,685,291
Special revenue funds			2,354,871	2,354,871
Capital projects funds		(9,942,464)	610,986	(9,331,478)
<b>Total fund balances</b>	<b>4,922,491</b>	<b>(9,942,464)</b>	<b>2,965,857</b>	<b>(2,054,116)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,283,817</b>	<b>\$ 814,310</b>	<b>\$ 3,760,219</b>	<b>\$ 12,858,346</b>

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because of the following:

Fund balances - total governmental funds	\$ (2,054,116)
--	----------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 118,781,319	
Less accumulated depreciation	<u>(25,909,245)</u>	
Net capital assets		92,872,074

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Net pension asset	197,775
Property tax receivables greater than 60 days	582,654
Interest receivable on property taxes	337,516
Bond issue costs	95,302
Receivable from the state for school construction projects	320,211
Allowance for doubtful accounts	(100,000)

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

(25,392)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(31,460,000)
Interest payable on bonds and notes	(292,548)
Compensated absences	(975,533)
Net OPEB obligation	(231,389)
Deferred charges on refunding	213,347
Bond premium	(20,199)
Heart and hypertension	<u>(899,284)</u>

\$ 58,560,418

Net Assets of Governmental Activities (Exhibit I)

The accompanying notes are an integral part of the financial statements

## TOWN OF EASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Bonded Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 35,907,157	\$	\$	\$ 35,907,157
Intergovernmental	2,126,327		1,709,880	3,836,207
Charges for services	645,229	949,815	925,195	2,520,239
Investment income	429,351		45,204	474,555
Contributions			69,445	69,445
Total revenues	<u>39,108,064</u>	<u>949,815</u>	<u>2,749,724</u>	<u>42,807,603</u>
Expenditures:				
Current:				
General government	2,147,026		184,936	2,331,962
Public safety	2,298,181		162,158	2,460,339
Public works	2,043,929		328,146	2,372,075
Health and welfare	334,006		25,089	359,095
Education	24,900,625		287,730	25,188,355
Library	557,870		44,270	602,140
Parks and recreation	379,754		343,178	722,932
Employee benefits	2,366,129			2,366,129
Insurance	464,447			464,447
Debt service	4,183,436			4,183,436
Capital outlay		6,678,454	1,988,641	8,667,095
Total expenditures	<u>39,675,403</u>	<u>6,678,454</u>	<u>3,364,148</u>	<u>49,718,005</u>
Deficiency of Revenues over Expenditures	<u>(567,339)</u>	<u>(5,728,639)</u>	<u>(614,424)</u>	<u>(6,910,402)</u>
Other Financing Sources (Uses):				
Sale of capital assets	10,400			10,400
Proceeds from sale of refunding bonds	10,131,537			10,131,537
Payment to refunded bond escrow	(10,131,537)			(10,131,537)
Transfers in	122,065		236,428	358,493
Transfers out	(186,428)		(172,065)	(358,493)
Net other financing sources (uses)	<u>(53,963)</u>	<u>-</u>	<u>64,363</u>	<u>10,400</u>
Net Change in Fund Balances	(621,302)	(5,728,639)	(550,061)	(6,900,002)
Fund Balances - Beginning of Year	<u>5,543,793</u>	<u>(4,213,825)</u>	<u>3,515,918</u>	<u>4,845,886</u>
Fund Balances - End of Year	<u>\$ 4,922,491</u>	<u>\$ (9,942,464)</u>	<u>\$ 2,965,857</u>	<u>\$ (2,054,116)</u>

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

Reconciliation of changes in fund balances - governmental funds to changes in net assets of governmental activities

Amounts reported for governmental activities in the statement of activities (Exhibit II) are due to:

Net change in fund balances - total governmental funds (Exhibit IV) \$ (6,900,002)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	8,110,870
Depreciation expense	(1,437,612)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

(18,522)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

School building grant receipts	(154,186)
Increase in property tax receivable - accrual basis change	81,483
Increase in property tax interest and lien revenue	21,199
Net pension asset	(123,809)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of long-term debt and related items are as follows:

Principal repayments:	
Payments on bond principal	2,610,000
Proceeds from sale of refunding bonds	10,131,537
Payment to refund bond escrow	(10,131,537)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net OPEB expense	(231,389)
Heart and hypertension claims	123,482
Compensated absences	(102,442)
Accrued interest payable	66,646
Amortization of bond premium	3,366
Amortization of bond issue costs	(9,338)
Amortization of deferred charges	81,109

Internal Service Funds are used by management to charge costs of medical insurance to individual departments:

The net expense of the activities of the Internal Service Fund is reported with governmental activities (8,607)

Change in Net Assets of Governmental Activities (Exhibit II) \$ 2,112,248

The accompanying notes are an integral part of the financial statements

## TOWN OF EASTON, CONNECTICUT

## STATEMENT OF NET ASSETS

## PROPRIETARY FUND

JUNE 30, 2009

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Assets:	
Current asset:	
Due from other funds	\$ <u>144,385</u>
Liabilities:	
Current liabilities:	
Claims payable	130,471
Other liabilities	<u>39,306</u>
Total liabilities	<u>169,777</u>
Net Assets:	
Unrestricted	\$ <u><u>(25,392)</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF EASTON, CONNECTICUT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

## PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
Operating Revenue:	
Premiums	\$ <u>1,983,792</u>
Operating Expenses:	
Claims	1,818,571
Administration	<u>173,828</u>
Total operating expenses	<u>1,992,399</u>
Operating Loss	(8,607)
Total Net Assets - Beginning of Year	<u>(16,785)</u>
Total Net Assets - End of Year	\$ <u><u>(25,392)</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Governmental            Activities</b> <hr/> <b>Internal            Service            Fund</b> <hr/>
Cash Flows from Operating Activities:	
Premiums received	\$ 1,975,691
Claim payments	(1,801,863)
Administrative payments	(173,828)
Net cash used in operating activities	<hr/> -
Net Increase in Cash	-
Cash - Beginning of Year	<hr/> -
Cash - End of Year	\$ <hr/> <hr/> -
Reconciliation of Operating Loss to Net Cash	
Used in Operating Activities:	
Operating loss	\$ (8,607)
Adjustments to reconcile operating loss to net cash	
used in operating activities:	
Increase (decrease):	
Claims payable	16,708
Other liabilities	(46,094)
Decrease:	
Due from other funds	<hr/> 37,993
Net Cash Used in Operating Activities	\$ <hr/> <hr/> -

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS**

**FIDUCIARY FUNDS**

**JUNE 30, 2009**

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$ 730,503	\$ 1,591,397
Investments, at fair value:		
Mutual funds	8,154,487	
Accounts receivable	154,812	
Prepaid benefits	<u>89,450</u>	
Total assets	9,129,252	<u><u>\$ 1,591,397</u></u>
Liability:		
Accounts payable		<u><u>\$ 1,591,397</u></u>
Net Assets:		
Net assets held in trust for pension benefits	<u><u>\$ 9,129,252</u></u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u><b>Pension Trust Fund</b></u>
Additions:	
Contributions:	
Employer	\$ 254,000
Plan members	187,906
Total contributions	<u>441,906</u>
Investment income (expense):	
Net depreciation in fair value of investments	(2,829,525)
Interest and dividends	421,598
Net investment expense	<u>(2,407,927)</u>
Total net deductions	(1,966,021)
Deductions:	
Benefits	<u>499,540</u>
Changes in Net Assets	(2,465,561)
Net Assets - Beginning of Year	<u>11,594,813</u>
Net Assets - End of Year	<u>\$ 9,129,252</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Easton (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

**A. Reporting Entity**

The Town was incorporated in 1845. The Town governs itself by majority vote of the Town Meeting, its legislative body. The executive body is the Board of Selectmen. The Town provides the following services: public safety (police and fire), public works, parks and recreation, education and library.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to “ or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Bonded Capital Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases funded by debt issuances.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk financing activities for the medical insurance benefits as allowed by GASB Statement No. 10.

The Pension Trust Fund accounts for the activities of the Easton Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The Agency Fund accounts for monies held on behalf of students and amounts held for performance related activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The Town also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for medical insurance benefits. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Assets, Liabilities and Net Assets or Equity**

##### **Deposits and Investments**

Deposits - The Town considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisitions.

Investments - Investments for the Town are reported at fair value.

##### **Receivables and Payables**

##### **Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

## Property Taxes and Other Receivables

For the government-wide financial statements, all trade, property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8-20% of outstanding receivable balances at June 30, 2009, and are calculated based upon prior collections.

For the fund financial statements, property taxes receivable at June 30, 2009, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

## Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	75
Building improvements	30-50
Land improvements	6-25
Vehicles	4-28
Equipment	4-28
Infrastructure	75

## **Compensated Absences**

Employees are paid by prescribed formulas for absence due to vacation or sickness. The eligibility for vacation pay vests when earned for all Town employees except the Police Department, Highway Department, Fire Department and certified employees of the Easton Board of Education employees. All compensated absences are paid by the General Fund.

## **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **Fund Equity and Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

### Invested in Capital Assets, Net of Related Debt

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

### Restricted Net Assets

This category presents the net assets restricted by external parties (creditors, grantors, contributors, or laws and regulations).

### Unrestricted Net Assets

This category presents the net assets of the Town which are not restricted.

## **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

## **Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgets and Budgetary Accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the financial statements of the General Fund, the only fund with a legally adopted annual budget. On or before the first Thursday in April, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- The budget is recommended by the Board of Finance at a Town Meeting and, if accepted, is adopted prior to July 1.
- The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$20,000, in any one year. Additional appropriations after the first or in excess of \$20,000 must be approved by vote of a Town Meeting. During the year, the Board of Finance or Town Meeting approved additional appropriations of \$79,955 from fund balance.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**B. Deficit Fund Balance**

The following funds had fund balance deficits at June 30, 2009:

Major Fund:	
Bonded Capital Projects	\$ (9,942,464)
Non-major Funds:	
Solid Waste Program	(74,967)
Senior Center Leasing Buyout	(4,817)
Proprietary Fund:	
Internal Service	(25,392)

The special revenue fund deficits will be eliminated in the future with charges for services and contributions.

## C. Capital Projects Authorizations

The following is a summary of major Capital Projects at June 30, 2009:

<u>Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2009</u>
Capital nonrecurring:				
Wells hill bridge	\$ 115,324	\$ 36,635	\$ 76,489	\$ 38,835
Town improvement trust fund	48,472	2,207	2,207	46,265
Fire truck	886,100		504,063	382,037
EMS ambulance	281,400		127,053	154,347
Heat and smoke systems	6,500			6,500
Toth park pavilion	27,860	27,695	27,695	165
Senior center van	43,000		42,981	19
Band stand site	5,000	5,000	5,000	-
Fire code work	14,925		4,925	10,000
Subdivision funds	116,261		11,210	105,051
Planning and zoning town plans	52,250	19,250	47,599	4,651
Town garage	122,285		110,981	11,304
Highway salt shed	415,500		7,410	408,090
EMS defibrillator	65,355	31,119	64,260	1,095
EMS- generator	10,375	1,839	7,522	2,853
Toth park	6,725		6,180	545
Revaluation	363,926	750	327,985	35,941
Telephone system Town Hall	6,500	6,495	6,495	5
Central office relocation	19,500		19,244	256
Fire department breathing apparatus	77,500	2,568	77,353	147
Park and recreation veterans park	46,050		44,810	1,240
Morehouse Road little league fields	105,000	99,695	99,695	5,305
Senior center renovation	117,830		116,789	1,041
UST/Line upgrade	47,301			47,301
Highway trucks	88,700		87,936	764
Fire Suppression Old Samuel Staples Renovation	250,000	226,683	226,683	23,317
Fire Suppression Old Samuel Staples - five zones	20,000		15,774	4,226
Fire Suppression Old Samuel Staples (Easton Country Day)	185,000	18,932	18,932	166,068
EMS building renovations	56,805	11,096	31,928	24,877
Financials	5,038		5,038	-
Animal shelter	30,000	7,020	16,960	13,040
Bonded capital projects:				
Water main extension	363,164	11,992	286,985	76,179
School building committee "2001"	31,239,088	61,819	31,116,281	122,807
Staples elementary	1,643,500		1,614,554	28,946
C.O. bonding authorization	370,858	361,210	361,210	9,648
South Park Avenue	6,450,000	6,182,780	6,182,780	267,220
HKMS school building commission	11,168,617		11,159,220	9,397

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402) (the Statutes). Deposits may be made in a “qualified public depository” as defined by the Statutes or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

#### Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. The Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$2,214,307 of the Town’s bank balance of \$3,134,398 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,917,876
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>296,431</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 2,214,307</u>

## Cash Equivalents

At June 30, 2009, the Town's cash equivalents amounted to \$2,949,183. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>	<u>Fitch Ratings</u>
State Tax Exempt Proceeds Fund*		
State Short-Term Investment Fund (STIF)	AAAm	
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		AAA

\*Not rated

## Investments

As of June 30, 2009, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest bearing investments:					
U.S. Government					
Agency bonds	AAA	\$ 6,908,138		\$ 1,200,357	\$ 5,707,781
Corporate bonds	BB- A	138,972	138,972		
Corporate bonds	A	30,993		30,993	
Corporate bonds	BBB-	9,715			9,715
Total		7,087,818	\$ 138,972	\$ 1,231,350	\$ 5,717,496
Other investments:					
Preferred stock		71,091			
Mutual funds		8,483,170			
Total Investments		\$ 15,642,079			

\*Subject to coverage by Federal Depository Insurance and collateralization.

N/A - Not applicable

*Interest Rate Risk* - The Town limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

*Credit Risk - Investments* - As indicated above, the Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as the Statutes.

*Concentration of Credit Risk* - The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2009, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

#### 4. RECEIVABLES

Receivables as of year end for the Town's individual major fund and nonmajor, internal service, and fiduciary funds in the aggregate are as follows:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:				
Interest*	\$	\$	\$	\$ -
Taxes	726,145			726,145
Accounts	65,917	115,593	154,812	336,322
Intergovernmental	345,963	1,010		346,973
Gross receivables	<u>1,138,025</u>	<u>116,603</u>	<u>154,812</u>	<u>1,409,440</u>
Less allowance for uncollectibles	<u>(100,000)</u>			<u>(100,000)</u>
Net Total Receivables	<u>\$ 1,038,025</u>	<u>\$ 116,603</u>	<u>\$ 154,812</u>	<u>\$ 1,309,440</u>

\*Accrued interest on property taxes in the amount of \$337,516 is not included in the fund financial statements.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 582,654	\$
Grant drawdowns not yet earned		96,856
School building grants	<u>320,211</u>	
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 902,865</u>	<u>\$ 96,856</u>

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,878,656	\$ 6,150,000	\$	\$ 19,028,656
Construction in progress	8,420	1,540,618		1,549,038
Total capital assets not being depreciated	<u>12,887,076</u>	<u>7,690,618</u>	<u>-</u>	<u>20,577,694</u>
Capital assets being depreciated:				
Land improvements	339,338	219,487		558,825
Buildings	67,530,493			67,530,493
Building improvements	181,856	79,863		261,719
Machinery and equipment	1,198,578	50,365		1,248,943
Vehicles	3,814,681	70,537	(41,146)	3,844,072
Infrastructure	24,759,573			24,759,573
Total capital assets being depreciated	<u>97,824,519</u>	<u>420,252</u>	<u>(41,146)</u>	<u>98,203,625</u>
Less accumulated depreciation:				
Land improvements	(102,462)	(17,031)		(119,493)
Buildings	(12,843,661)	(864,679)		(13,708,340)
Building improvements	(8,988)	(5,066)		(14,054)
Machinery and equipment	(875,305)	(36,496)		(911,801)
Vehicles	(2,169,092)	(177,729)	22,624	(2,324,197)
Infrastructure	(8,494,749)	(336,611)		(8,831,360)
Total accumulated depreciation	<u>(24,494,257)</u>	<u>(1,437,612)</u>	<u>22,624</u>	<u>(25,909,245)</u>
Total capital assets being depreciated, net	<u>73,330,262</u>	<u>(1,017,360)</u>	<u>(18,522)</u>	<u>72,294,380</u>
Governmental Activities Capital Assets, Net	<u>\$ 86,217,338</u>	<u>\$ 6,673,258</u>	<u>\$ (18,522)</u>	<u>\$ 92,872,074</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 543,320
Public safety	101,458
Public works	100,328
Education	675,117
Library	<u>17,389</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,437,612</u>

**6. INTERFUND ACCOUNTS**

At June 30, 2009, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Funds	General Fund	\$ 144,385

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

Interfund transfers:

	<u>Transfers In</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:			
General Fund	\$	\$ 186,428	\$ 186,428
Nonmajor governmental	122,065	50,000	172,065
Total Transfers Out	\$ 122,065	\$ 236,428	\$ 358,493

All transfers represent routine recurring transactions to move resources from one fund to another.

**7. SHORT-TERM OBLIGATIONS - BOND ANTICIPATION NOTES**

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2009 was as follows:

<u>Type of Obligation</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Bond anticipation notes:				
Elementary school construction	\$ 3,486,836	\$ 3,411,836	\$ 3,486,836	\$ 3,411,836
Land acquisition		6,150,000		6,150,000
Water main improvements	363,164	363,164	363,164	363,164
Total	\$ 3,850,000	\$ 9,925,000	\$ 3,850,000	\$ 9,925,000

On November 7, 2008, the Town issued \$9,925,000 of bond anticipation notes. These bond anticipation notes bear interest at 3.25% and mature on November 6, 2009, and are for elementary school construction, water main improvements and land acquisition.

## 8. LONG-TERM DEBT

The following is a summary of changes in long-term obligations during the fiscal year:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds:									
General purpose:									
Refunding bond	\$ 720,000	02/01/99	02/10/10	3.4-5.0	\$ 119,000	\$	\$ 60,000	\$ 59,000	\$ 59,000
Improvement bond	6,730,000	10/15/01	10/15/21	3.25-4.75	4,711,000		4,038,000	673,000	
Refunding bond	3,318,000	02/15/03	06/01/15	1.6-4.0	1,695,500		264,500	1,431,000	251,000
Refunding bond (2001 issue)	3,739,500	05/28/09	10/15/21	3.0-5.0		3,739,500		3,739,500	302,000
Total general purpose					<u>6,525,500</u>	<u>3,739,500</u>	<u>4,362,500</u>	<u>5,902,500</u>	<u>612,000</u>
Schools:									
Refunding bond	4,900,000	02/01/99	02/01/10	3.4-5.0	791,000		400,000	391,000	391,000
Improvement bond	10,370,000	10/15/01	10/15/21	3.25-4.75	7,259,000		6,222,000	1,037,000	
Refunding bond	447,000	01/15/03	06/01/15	1.6-4.0	229,500		25,500	204,000	473,000
Improvement bond	12,500,000	11/01/04	11/01/24	2.75-4.3	10,625,000		625,000	10,000,000	34,000
Improvement bond	9,600,000	11/01/05	11/01/25	3.75-5.0	8,640,000		480,000	8,160,000	625,000
Refunding bond (2001 issue)	5,765,500	05/28/09	10/15/21	3.0-5.0		5,765,500		5,765,500	480,000
Total schools					<u>27,544,500</u>	<u>5,765,500</u>	<u>7,752,500</u>	<u>25,557,500</u>	<u>2,003,000</u>
Total bonds/notes					34,070,000	9,505,000	12,115,000	31,460,000	2,615,000
Deferred charge in refunding issue					(132,238)	(100,000)	18,891	(213,347)	
Bond premium					<u>23,565</u>		<u>3,366</u>	<u>20,199</u>	
Total bonds and related liabilities					<u>33,961,327</u>	<u>9,405,000</u>	<u>12,137,257</u>	<u>31,266,852</u>	<u>2,615,000</u>
Compensated absences					873,091	102,442		975,533	195,107
Heart and hypertension					1,022,766		123,482	899,284	781,488
Net OPEB obligation					-	231,389		231,389	
Total General Long-Term Obligations					<u>\$ 35,857,184</u>	<u>\$ 9,738,831</u>	<u>\$ 12,260,739</u>	<u>\$ 33,373,058</u>	<u>\$ 2,888,255</u>

All long-term liabilities are generally liquidated by the General Fund.

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

<u>Year Ending June 30,</u>	<u>To Be Provided By State</u>		<u>Bonds</u>		<u>Payable</u>
	<u>For Principal</u>	<u>For Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 149,066	\$ 2,448	\$ 2,615,000	\$ 1,130,032	\$ 3,745,032
2011	145,741	926	2,300,000	1,076,491	3,376,491
2012	5,269	753	2,240,000	994,988	3,234,988
2013	5,175	560	2,280,000	909,944	3,189,944
2014	5,081	369	2,275,000	830,477	3,105,477
2015	5,081	179	2,240,000	758,081	2,998,081
2016	4,798		1,970,000	682,581	2,652,581
2017			1,970,000	604,725	2,574,725
2018			1,970,000	522,100	2,492,100
2019			1,965,000	447,700	2,412,700
2020			1,950,000	373,700	2,323,700
2021			1,945,000	292,175	2,237,175
2022			1,945,000	205,781	2,150,781
2023			1,105,000	138,431	1,243,431
2024			1,105,000	91,313	1,196,313
2025			1,105,000	44,038	1,149,038
2026			480,000	10,200	490,200
Total	<u>\$ 320,211</u>	<u>\$ 5,235</u>	<u>\$ 31,460,000</u>	<u>\$ 9,112,757</u>	<u>\$ 40,572,757</u>

In addition to the above recorded amounts, the Town participates with the Town of Redding in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2009, which matures through 2026, amounted to \$22,660,000. The Town's share of the debt, net of the related grant, was \$10,514,240.

### **Refunding of Debt**

The Town issued general obligation bonds dated May 28, 2009 to advance refund \$9,405,000 of the outstanding principal amount of the general obligation bonds dated October 15, 2001. Upon issuance of the new bonds and deposit of the proceeds of the bonds with the escrow agent, the refunded bonds will be considered defeased and no longer outstanding. As of June 30, 2009, the defeased amount is \$9,405,000. This advance refunding was undertaken to reduce total debt service payment over the next 13 years by \$365,960.

### **Heart and Hypertension**

The Town has recognized an estimated liability for possible future heart and hypertension claims by members of the police and fire departments, based on current actuarial valuation.

### **Legal Debt Limitation**

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 80,684,134	\$ 12,195,520	\$ 68,488,614
Schools	161,368,268	39,254,319	122,113,949
Sewers	134,473,556	363,164	134,110,392
Urban renewal	116,543,749		116,543,749
Pension deficit	107,578,845		107,578,845

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$251,017,305, or seven times the base for debt limitation computation.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$320,211 for bond principal is reflected as deductions in the computation of net indebtedness.

### **Authorized/Unissued Bonds**

The amount of authorized/unissued bonds is \$143,020 for general purposes and \$90,954 for school purposes.

**9. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to public officials and police liability, Board of Education liability, torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God. Except for medical insurance, the Town purchases commercial insurance for all risks of loss. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Town’s medical benefits claims.

The Easton Board of Education, along with the Redding Board of Education and Regional School District No. 9, participates in a medical self-insurance plan that accounts for health benefits provided to participants and their families. Recommended monthly deposits are calculated by the plan administrator and claims processor. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The medical claims fund is substantially funded by the Town’s general fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

	<b>Claims Payable July 1</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Claims Payable June 30</b>
2007-2008	\$ 127,358	\$ 1,664,427	\$ 1,678,022	\$ 113,763
2008-2009	113,763	1,818,571	1,801,863	130,471

**10. PENSION PLANS**

**A. Plan Description**

The Town has a contributory pension plan covering substantially all full-time employees and noncertified Board of Education employees. Uniformed police department employees and fire department employees participate in the Municipal Employees' Retirement System (MERS), administered by the Municipal Employees' Retirement Commission. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Retirement Board. The Town does not contribute to this plan.

**Town of Easton Retirement Plan I and II**

The Town is administrator of the Town of Easton Retirement Plan I and II, a single employer defined benefit pension plan established and maintained by the Town to provide pension benefits for its full-time employees other than police officers, fire department employees and teachers. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. The pension plan is included in the financial statements as a single pension fund since the assets may be used to pay benefits or refunds of any plan member or beneficiary. The plan does not issue separate, stand-alone financial reports.

The Town of Easton Retirement Plan I and II provide retirement benefits. Benefits vest after 10 years of service. Members may retire at various ages as determined by employee group. Members are entitled to an annual retirement benefit, payable for life, for an amount determined by formula for each year of service. Administration costs are financed from investment earnings.

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

The Pension trust fund's financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

**Valuation of Investments**

Investments are valued at fair value based upon quoted market prices.

**Classes of Employees Covered**

As of July 1, 2008, the plan's membership consisted of:

Retires and beneficiaries currently receiving benefits	49
Terminated members entitled to benefits but not yet receiving them	33
Current active members	<u>106</u>
Total	<u><u>188</u></u>

**C. Benefit Provisions**

**Contributions**

The contribution requirements of plan members and the Town are established according to the Pension Trust Agreement and the Pension and Employee Benefit Commission. The Pension and Employee Benefit Commission Members serve as plan trustees, as well as hiring the plan actuary. The Town’s contribution to the plan is actuarially determined on an annual basis using the frozen initial liability cost method. Employees are required to contribute to the plan in varying amounts ranging from 2.25% for Board of Education employees to 6.58% for Highway Management employees.

**Schedule of Employer Contributions and Net Pension Obligation**

<u>Year Ended June 30,</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset (Obligation)</u>
2004	\$ 420,000	\$ 510,074	82.3%	\$ 512,907	81.9%	\$ (38,304)
2005	500,000	432,663	115.6	430,579	116.1	31,117
2006	469,000	350,716	133.7	352,331	133.1	147,786
2007	415,000	320,622	129.4	328,924	126.2	233,862
2008	360,000	257,959	139.6	272,278	132.2	321,584
2009	254,000	362,172	70.1	377,809	67.2	197,775

**Actuarial Assumptions**

The data presented in the schedule of funding progress and schedule of employer contributions were determined as part of the actuarial valuation at the date indicated.

Additional information as of the actuarial valuation within the current year is as follows:

Actuarial valuation date	July 1, 2008
Actuarial cost method	Frozen Entry Age
Amortization method	Level Dollar
Remaining amortization periods	N/A
Asset valuation methods	Fair Value

Actuarial Assumptions:

Investment rate of return	7%
Projected salary increases	3%
Cost of living adjustments	3%

## Annual Pension Cost and Net Pension Asset

The Town's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 362,172
Interest on net pension asset	(22,512)
Adjustment to annual required contribution	<u>38,149</u>
Annual pension cost	377,809
Contributions made	<u>254,000</u>
Decrease in net pension asset	(123,809)
Net pension asset - July 1, 2008	<u>321,584</u>
Net Pension Asset - June 30, 2009	<u><u>\$ 197,775</u></u>

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/04	\$ 8,905,793	\$ 10,385,613	\$ 1,479,820	85.8%	\$ 3,075,804	48.11%
7/1/05	9,136,909	10,048,650	911,741	90.9	3,101,427	29.40
7/1/06	10,393,040	10,919,909	526,869	95.2	3,457,793	15.24
7/1/07	12,148,662	11,932,419	(216,243)	101.8	3,653,568	(5.92)
7/1/08	11,594,133	12,430,130	835,997	93.3	3,976,807	21.02

## 11. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

### A. Plan Description

Police officers and fire department employees of the Town participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

**B. Funding Policy**

Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 7% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town’s contributions to MERF for the years ended June 30, 2009, 2008 and 2007 were \$134,489, \$257,959 and \$145,862, respectively, equal to the required contributions for each year.

**C. On-Behalf Payments**

The amount of the State Teachers’ Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on-behalf of the Town’s teachers was \$1,087,664. This amount is significantly less than the prior year as the State issued bonds during 2008 to increase its contribution.

**12. OTHER POST-EMPLOYMENT BENEFITS**

**A. Plan Description and Benefits Provided**

**Town**

In addition to the pension benefits described in Note 10, all Town employees retiring under the Town of Easton Retirement Plan are provided post-employment benefits. The level of these benefits is determined by contract for all union employees and by a Town of Easton ordinance for all non-represented employees. Per contracts and ordinances, the Town pays the full cost of these benefits. Benefits provided are as follows:

**Non-Union Employees and Highway/Public Works Employees**

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance, spouse can continue coverage after retiree’s death.
Plan of Coverage	Various fully insured medical plans. Medicare supplement plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	Fully paid for by retiree.

**Police and Fire**

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance, spouse can continue coverage after retiree's death.
Plan of Coverage	Various fully insured medical plans. Medicare supplement plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	Fully paid for by retiree.

**Board of Education**

The Board of Education provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

**Teachers**

Eligibility for Medical, Dental and Life Coverage	Retirement under State of Connecticut Teachers Retirement Plan (age 50 with 30 years, age 55 with 25 years or 60 with 10 years).
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance (COBRA rates) spouse can continue coverage after retiree's death.
Plan of Coverage	Self-insured medical plan. Medicare supplement plan coverage on or after age 65 if eligible for Medicare.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	None.

**Other Board of Education Employees**

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance, spouse can continue coverage after retiree's death.
Plan of Coverage	Self-insured medical plan. Medicare supplement plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	None.

**B. Membership**

Membership in the plan consisted of the following at July 1, 2008:

	<b>Town of Easton Retiree Medical Benefit Plan</b>
	<hr/>
Number of retirees and eligible surviving spouses	13
Number of active participants	250
	<hr/>
Total	263
	<hr/> <hr/>

**C. Description of Actuarial Assumptions and Methods**

The following is a summary of certain significant actuarial assumptions and other PERS information:

	<b>Town of Easton Retiree Medical Plan</b>
	<hr/>
Actuarial valuation date	July 1, 2008
Actuarial cost method	Projected Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.5%/annum
Projected salary increases	n/a



## Schedule of Funding Progress

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Underfunded AAL (OAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
7/1/08	\$ -	\$ 2,777,663	\$ 2,777,663	-%	\$ 12,665,797	21.9%

### 13. CONTINGENT LIABILITIES

There are various lawsuits and claims pending against the Town, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

State and Federal grants received by the Town are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. The amount of expenditures which may be disallowed, if any, cannot be determined at this time; however, the Town's management believes any such disallowance will be immaterial.

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Property taxes, current and prior	\$ 35,515,112	35,515,112	\$ 35,645,562	\$ 130,450
Interest and lien fees	100,000	100,000	203,168	103,168
Telephone access	44,148	44,148	58,427	14,279
Total property taxes	<u>35,659,260</u>	<u>35,659,260</u>	<u>35,907,157</u>	<u>247,897</u>
Intergovernmental:				
Educational assistance:				
Special education and education cost share	593,868	593,868	591,220	(2,648)
Regional School District No. 9	13,392	13,392		(13,392)
School building grant	409,469	409,469	154,691	(254,778)
Other	14,079	14,079	7,784	(6,295)
Total educational assistance	<u>1,030,808</u>	<u>1,030,808</u>	<u>753,695</u>	<u>(277,113)</u>
Town Assistance:				
Town aid roads	113,775	113,775	113,635	(140)
Infrastructure	615,613	615,613		(615,613)
In lieu of tax loss - boats	4,814	4,814	4,814	-
Elderly tax relief	41,225	41,225	37,294	(3,931)
Tax relief for the totally disabled			2,991	2,991
State owned property	74,287	74,287	74,532	245
Mashantucket Pequot grant	20,865	20,865	21,395	530
Civil preparedness	2,052	2,052	4,118	2,066
Property tax relief (veterans)	10,329	10,329	8,247	(2,082)
Miscellaneous	20,273	20,273	17,942	(2,331)
Total town assistance	<u>903,233</u>	<u>903,233</u>	<u>284,968</u>	<u>(618,265)</u>
Total intergovernmental	<u>1,934,041</u>	<u>1,934,041</u>	<u>1,038,663</u>	<u>(895,378)</u>
Investment Income	<u>437,500</u>	<u>437,500</u>	<u>429,351</u>	<u>(8,149)</u>
Charges for Services:				
Town clerk	200,000	200,000	156,305	(43,695)
Building inspection fees and permits	120,000	120,000	108,429	(11,571)
Health department	18,000	18,000	17,640	(360)
Planning and zoning	15,000	15,000	17,293	2,293
Conservation commission	15,000	15,000	14,522	(478)
Police department	65,000	65,000	74,579	9,579
First selectman	85,000	85,000	78,682	(6,318)
Municipal Building Leases	105,000	105,000	137,171	32,171

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Fire marshal	\$ 200	200	\$ 20	\$ (180)
Parks and recreation	2,900	2,900	7,180	4,280
Region 9 tuition			10,378	10,378
BOE tuition	14,055	14,055	9,073	(4,982)
Recycling bins			689	689
Highway department	1,400	1,400	1,850	450
EMS				-
Other	500	500	11,418	10,918
Total charges for services	<u>642,055</u>	<u>642,055</u>	<u>645,229</u>	<u>3,174</u>
Total Revenues	<u>38,672,856</u>	<u>38,672,856</u>	<u>38,020,400</u>	<u>(652,456)</u>
Other Financing Sources:				
Transfer in	80,000	80,000	122,065	42,065
Sale of capital assets			10,400	10,400
Total other financing sources	<u>80,000</u>	<u>80,000</u>	<u>132,465</u>	<u>52,465</u>
Surplus Appropriated to Finance Budget	<u>637,929</u>	<u>637,929</u>		<u>(637,929)</u>
Total Revenues and Other Financing Sources	<u>\$ 39,390,785</u>	<u>\$ 39,390,785</u>	38,152,865	<u>\$ (1,237,920)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut

State Teachers' Retirement System for Town teachers are not budgeted

1,087,664

Total Revenues and Other Financing Sources as Reported on the Statement of  
Revenues, Expenditures and Changes in Fund Balances - Governmental Funds -  
Exhibit IV

\$ 39,240,529

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Government:					
Town clerk	\$ 145,952	\$ 19,675	\$ 165,627	\$ 163,506	\$ 2,121
First selectman	159,213		159,213	153,655	5,558
Probate court	6,400		6,400	6,314	86
Registrar of voters	62,749		62,749	48,311	14,438
Board of finance	7,200		7,200	6,552	648
Auditors	35,000		35,000	34,000	1,000
Treasurer	189,166	13,000	202,166	195,547	6,619
Assessor	111,220		111,220	109,828	1,392
Board of assessment appeals	600		600	358	242
Tax collector	92,001		92,001	89,504	2,497
Town attorney	130,000		130,000	129,824	176
Planning and zoning commission	114,146		114,146	103,850	10,296
Zoning board of appeals	7,044		7,044	6,111	933
Building department	91,716	2,782	94,498	94,440	58
Technology Computer	32,000	20,000	52,000	50,147	1,853
Town Hall	140,641		140,641	136,033	4,608
Communication dispatchers	212,407		212,407	192,424	19,983
Commission for the elderly	55,443	1,515	56,958	55,153	1,805
Senior center	148,081	7,429	155,510	155,362	148
SSS building	390,087	20,000	410,087	407,414	2,673
Insurance service fee		8,500	8,500	8,500	-
Public celebrations	500		500	193	307
Total general government	<u>2,131,566</u>	<u>92,901</u>	<u>2,224,467</u>	<u>2,147,026</u>	<u>77,441</u>
Public Safety:					
Police department	1,546,481		1,546,481	1,466,769	79,712
Fire department	741,569		741,569	730,506	11,063
Fire marshall	29,158		29,158	22,243	6,915
Emergency management	8,522		8,522	7,635	887
Firehouse rent	40,000		40,000	40,000	-
Conservation commission	39,207		39,207	31,028	8,179
Total public safety	<u>2,404,937</u>	<u>-</u>	<u>2,404,937</u>	<u>2,298,181</u>	<u>106,756</u>
Public Works:					
Recycling	136,810		136,810	131,351	5,459
Highway department	1,973,504		1,973,504	1,898,514	74,990
Street lights	1,703	79	1,782	1,782	-
Engineering and professional services	40,500		40,500	12,282	28,218
Total public works	<u>2,152,517</u>	<u>79</u>	<u>2,152,596</u>	<u>2,043,929</u>	<u>108,667</u>
Health and Welfare:					
PHNA	100		100	100	-
Health director	83,377		83,377	81,920	1,457
EMS commission	281,838		281,838	249,604	32,234
Welfare	4,427		4,427	2,382	2,045
Total health and welfare	<u>369,742</u>	<u>-</u>	<u>369,742</u>	<u>334,006</u>	<u>35,736</u>

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Education:					
Easton Board of Education:					
General instruction	\$ 6,950,209	\$ (99,850)	\$ 6,850,359	\$ 6,850,359	\$ -
Kindergarten	11,100		11,100	11,100	-
Humanities	37,115	(123)	36,992	36,992	-
Integrated language arts	25,177	3,167	28,344	28,344	-
Curriculum	52,757	3,363	56,120	56,120	-
Industrial technology	8,725	(3,500)	5,225	5,225	-
Science/math technology	32,929	3,714	36,643	36,643	-
Physical education/health	4,815		4,815	4,815	-
Special services	31,205		31,205	31,205	-
Special education	3,073,210	(14,070)	3,059,140	3,059,140	-
Guidance	7,725		7,725	7,725	-
Health services	164,138	(2,681)	161,457	161,457	-
Psychological services	40,380	(8,185)	32,195	32,195	-
Speech services	14,350	(2,625)	11,725	11,725	-
Educational media services	85,741	(2,998)	82,743	82,743	-
Technology plan	198,193	9,756	207,949	207,949	-
Board of education	50,430		50,430	50,430	-
Central administration	486,491		486,491	486,491	-
School administration	905,613	94	905,707	905,707	-
physical plant	1,409,720	153,061	1,562,781	1,562,781	-
Student transportation	825,936	(39,123)	786,813	786,813	-
Food service	3,300		3,300	3,300	-
Total Easton Board of Education	14,419,259	-	14,419,259	14,419,259	-
Regional School District No. 9	9,409,942	(16,240)	9,393,702	9,393,702	-
Total education	23,829,201	(16,240)	23,812,961	23,812,961	-
Library	572,099		572,099	557,870	14,229
Parks and Recreation:					
Parks and recreation commission	370,276		370,276	341,223	29,053
Tree warden	43,780		43,780	38,531	5,249
Total parks and recreation	414,056	-	414,056	379,754	34,302
Employee Benefits:					
Pensions	471,457		471,457	449,413	22,044
Fringe benefits	1,692,211		1,692,211	1,526,793	165,418
Social Security and Medicare	399,055		399,055	389,923	9,132
Total employee benefits	2,562,723	-	2,562,723	2,366,129	196,594

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Insurance	\$ 473,100	\$ (8,500)	\$ 464,600	\$ 464,447	\$ 153
Other-Contingency	<u>100,000</u>	<u>(14,785)</u>	<u>85,215</u>	<u>-</u>	<u>85,215</u>
Debt Service:					
Principal retirement	2,785,000		2,785,000	2,785,000	-
Interest	1,386,716		1,386,716	1,386,716	-
Fiscal agent fees	<u>49,200</u>		<u>49,200</u>	<u>11,720</u>	<u>37,480</u>
Total debt service	<u>4,220,916</u>	<u>-</u>	<u>4,220,916</u>	<u>4,183,436</u>	<u>37,480</u>
Total expenditures	<u>39,230,857</u>	<u>53,455</u>	<u>39,284,312</u>	<u>38,587,739</u>	<u>696,573</u>
Other Financing Uses:					
Transfers out:					
Dog fund	63,573		63,573	63,573	-
Capital nonrecurring	<u>96,355</u>	<u>26,500</u>	<u>122,855</u>	<u>122,855</u>	<u>-</u>
Total other financing uses	<u>159,928</u>	<u>26,500</u>	<u>186,428</u>	<u>186,428</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 39,390,785</u>	<u>\$ 79,955</u>	<u>\$ 39,470,740</u>	38,774,167	<u>\$ 696,573</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut

State Teachers' Retirement System for Town teachers are not budgeted

1,087,664

Total Expenditures and Other Financing Sources as Reported on the Statement  
of Revenues, Expenditures and Changes in Fund Balances - Governmental  
Funds - Exhibit IV

\$ 39,861,831

## TOWN OF EASTON, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 336,132	\$ 2,541,540
Investments	6,908,138	4,998,085
Property taxes receivable	626,145	555,547
Accounts receivable	65,917	14,756
Intergovernmental receivable	345,963	515,619
Other assets	<u>1,522</u>	
Total Assets	<u>\$ 8,283,817</u>	<u>\$ 8,625,547</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 714,881	\$ 582,173
Accrued liabilities	982,009	883,111
Due to Regional School District No. 9	600,723	418,239
Due to other funds	144,385	182,378
Deferred revenue	<u>919,328</u>	<u>1,015,853</u>
Total liabilities	<u>3,361,326</u>	<u>3,081,754</u>
Fund balance:		
Unreserved, reported in:		
Designated for subsequent year's budget	1,000,000	408,000
Designated for potential claims	140,000	140,000
Designated for debt service	97,200	97,200
Undesignated	<u>3,685,291</u>	<u>4,898,593</u>
Total fund balance	<u>4,922,491</u>	<u>5,543,793</u>
Total Liabilities and Fund Balance	<u>\$ 8,283,817</u>	<u>\$ 8,625,547</u>

**TOWN OF EASTON, CONNECTICUT  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2009**

Grand List Year	Uncollected Taxes July 1, 2008	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2009
			Additions	Deductions			Taxes	Interest and Liens	Total	
2007	\$	\$ 35,797,184	\$ 85,872	\$ 114,763	\$	\$ 35,768,293	\$ 35,453,602	\$ 90,783	\$ 35,544,385	\$ 314,691
2006	239,208		3,068	19,058		223,218	88,902	24,940	113,842	134,316
2005	98,912			3,672	8,634	86,606	43,757	20,431	64,188	42,849
2004	55,726		335	11,199	271	44,591	25,067	14,923	39,990	19,524
2003	27,385			2,824		24,561	12,125	7,097	19,222	12,436
2002	19,424			1,473		17,951	7,111	7,667	14,778	10,840
2001	17,747			85		17,662	6,796	7,466	14,262	10,866
2000	11,369			10		11,359	6,284	8,035	14,319	5,075
1999	12,501		235			12,736	5,949	8,680	14,629	6,787
1998	10,764		63			10,827	5,726	9,387	15,113	5,101
1997	11,502		65			11,567	1,128	1,259	2,387	10,439
1996	14,024		60			14,084				14,084
1995	10,621		1,710			12,331				12,331
1994	9,413		167			9,580				9,580
1993	8,546		410			8,956				8,956
1992	8,405			135		8,270		2,500	2,500	8,270
<b>Total</b>	<u>\$ 555,547</u>	<u>\$ 35,797,184</u>	<u>\$ 91,985</u>	<u>\$ 153,219</u>	<u>\$ 8,905</u>	<u>\$ 36,282,592</u>	35,656,447	<u>\$ 203,168</u>	<u>\$ 35,859,615</u>	<u>\$ 626,145</u>

Property taxes receivable considered available:

June 30, 2008

(54,376)

June 30, 2009

43,491

Property Tax Revenues

\$ 35,645,562

**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

**JUNE 30, 2009**

Special Revenue Funds

	<b>Education Grants</b>	<b>Easton Day</b>	<b>Police Donations</b>	<b>Police Grants</b>	<b>Senior Center</b>	<b>Agriculture Land Preservation</b>	<b>Cemetery Fund</b>	<b>Dog Fund</b>	<b>D.A.R.E.</b>
<b>ASSETS</b>									
Cash	\$ 6,512	\$ 4,552	\$ 8,751	\$ 134,528	\$ 3,927	\$ 63,993	\$ 26,120	\$ 106,821	\$ 38,983
Investments									
Accounts receivable					2,569			1,801	288
Intergovernmental receivable	<u>1,010</u>								
<b>Total Assets</b>	<u><u>\$ 7,522</u></u>	<u><u>\$ 4,552</u></u>	<u><u>\$ 8,751</u></u>	<u><u>\$ 134,528</u></u>	<u><u>\$ 6,496</u></u>	<u><u>\$ 63,993</u></u>	<u><u>\$ 26,120</u></u>	<u><u>\$ 108,622</u></u>	<u><u>\$ 39,271</u></u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable				\$ 86,324	\$ 2,465		\$ 3,950	\$ 1,060	\$ 234
Fund Balances:									
Unreserved and undesignated	<u>7,522</u>	<u>4,552</u>	<u>8,751</u>	<u>48,204</u>	<u>4,031</u>	<u>63,993</u>	<u>22,170</u>	<u>107,562</u>	<u>39,037</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 7,522</u></u>	<u><u>\$ 4,552</u></u>	<u><u>\$ 8,751</u></u>	<u><u>\$ 134,528</u></u>	<u><u>\$ 6,496</u></u>	<u><u>\$ 63,993</u></u>	<u><u>\$ 26,120</u></u>	<u><u>\$ 108,622</u></u>	<u><u>\$ 39,271</u></u>

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**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**

**JUNE 30, 2009**

Special Revenue Funds

		<u>Park and Recreation Activity Fund</u>	<u>Solid Waste Program</u>	<u>Library</u>	<u>Open Space</u>	<u>EMS Special Services</u>	<u>Police Asset</u>	<u>Records Preservation</u>	<u>Paine Barn Fund</u>	<u>Social Service</u>								
<b>ASSETS</b>																		
Cash	\$	144,297	\$	273,120	\$	708,872	\$	105,202	\$	244,931	\$	9,315	\$	7,667	\$	25,204		
Investments				579,454														
Accounts receivable			27,012		44,000	10,912		24										
Intergovernmental receivable																		
<b>Total Assets</b>	<b>\$</b>	<b><u>144,297</u></b>	<b>\$</b>	<b><u>27,012</u></b>	<b>\$</b>	<b><u>852,574</u></b>	<b>\$</b>	<b><u>752,872</u></b>	<b>\$</b>	<b><u>116,114</u></b>	<b>\$</b>	<b><u>244,931</u></b>	<b>\$</b>	<b><u>9,339</u></b>	<b>\$</b>	<b><u>7,667</u></b>	<b>\$</b>	<b><u>25,204</u></b>
<b>LIABILITIES AND FUND BALANCES</b>																		
Liabilities:																		
Accounts payable	\$	9,378	\$	101,979	\$	10,794	\$	1,663	\$	26,471	\$		\$		\$			
Fund Balances:																		
Unreserved and undesignated		<u>134,919</u>		<u>(74,967)</u>		<u>852,574</u>		<u>742,078</u>		<u>114,451</u>		<u>218,460</u>		<u>9,339</u>		<u>7,667</u>		<u>25,204</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$</b>	<b><u>144,297</u></b>	<b>\$</b>	<b><u>27,012</u></b>	<b>\$</b>	<b><u>852,574</u></b>	<b>\$</b>	<b><u>752,872</u></b>	<b>\$</b>	<b><u>116,114</u></b>	<b>\$</b>	<b><u>244,931</u></b>	<b>\$</b>	<b><u>9,339</u></b>	<b>\$</b>	<b><u>7,667</u></b>	<b>\$</b>	<b><u>25,204</u></b>

(Continued on next page)

**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**

**JUNE 30, 2009**

	<u>Special Revenue Funds</u>						<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>	
	<u>Town Hall Grants</u>	<u>Senior Center Leasing Buyout</u>	<u>Miscellaneous Grants</u>	<u>Town Clerk Community Fee</u>	<u>Land Acquisition</u>	<u>Senior Center Van</u>	<u>Total</u>		<u>Capital Nonrecurring</u>
<b>ASSETS</b>									
Cash	\$ 12,507		\$ 3,396	\$ 9,354	\$ 5,916	\$ 822	\$ 1,944,790	\$ 1,119,372	\$ 3,064,162
Investments							579,454		579,454
Accounts receivable			28,000	24			114,630	963	115,593
Intergovernmental receivable							1,010		1,010
Total Assets	<u>\$ 12,507</u>	<u>\$ -</u>	<u>\$ 31,396</u>	<u>\$ 9,378</u>	<u>\$ 5,916</u>	<u>\$ 822</u>	<u>\$ 2,639,884</u>	<u>\$ 1,120,335</u>	<u>\$ 3,760,219</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 10,814	\$ 4,817	\$ 25,064				\$ 285,013	\$ 509,349	\$ 794,362
Fund Balances:									
Unreserved and undesignated	1,693	(4,817)	6,332	9,378	5,916	822	2,354,871	610,986	2,965,857
Total Liabilities and Fund Balances	<u>\$ 12,507</u>	<u>\$ -</u>	<u>\$ 31,396</u>	<u>\$ 9,378</u>	<u>\$ 5,916</u>	<u>\$ 822</u>	<u>\$ 2,639,884</u>	<u>\$ 1,120,335</u>	<u>\$ 3,760,219</u>

**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

55

Special Revenue Funds									
	Education Grants	Easton Day	Police Donations	Police Grants	Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund	D.A.R.E.
Revenues:									
Intergovernmental	\$ 285,146			\$ 1,242					
Charges for services					142,181			17,468	
Investment income							420		
Contributions			520			893			8,097
Total revenues	<u>285,146</u>	<u>-</u>	<u>520</u>	<u>1,242</u>	<u>142,181</u>	<u>893</u>	<u>420</u>	<u>17,468</u>	<u>8,097</u>
Expenditures:									
Current:									
General government					133,666		4,420		
Public safety				27,545				69,587	4,660
Public works									
Health and welfare									
Education	287,730								
Library									
Parks and recreation									
Capital outlay									
Total expenditures	<u>287,730</u>	<u>-</u>	<u>-</u>	<u>27,545</u>	<u>133,666</u>	<u>-</u>	<u>4,420</u>	<u>69,587</u>	<u>4,660</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,584)</u>	<u>-</u>	<u>520</u>	<u>(26,303)</u>	<u>8,515</u>	<u>893</u>	<u>(4,000)</u>	<u>(52,119)</u>	<u>3,437</u>
Other Financing Sources (Uses):									
Transfers out									
Transfers in								63,573	
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,573</u>	<u>-</u>
Net Change in Fund Balances	(2,584)	-	520	(26,303)	8,515	893	(4,000)	11,454	3,437
Fund Balances - Beginning of Year	<u>10,106</u>	<u>4,552</u>	<u>8,231</u>	<u>74,507</u>	<u>(4,484)</u>	<u>63,100</u>	<u>26,170</u>	<u>96,108</u>	<u>35,600</u>
Fund Balances - End of Year	<u>\$ 7,522</u>	<u>\$ 4,552</u>	<u>\$ 8,751</u>	<u>\$ 48,204</u>	<u>\$ 4,031</u>	<u>\$ 63,993</u>	<u>\$ 22,170</u>	<u>\$ 107,562</u>	<u>\$ 39,037</u>

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**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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	<b>Special Revenue Funds</b>								
	<b>Park and Recreation Activity Fund</b>	<b>Solid Waste Program</b>	<b>Library</b>	<b>Open Space</b>	<b>EMS Special Services</b>	<b>Police Asset</b>	<b>Records Preservation</b>	<b>Paine Barn Fund</b>	<b>Social Service</b>
Revenues:									
Intergovernmental	\$	\$	\$	\$ 44,000	\$	\$	\$ 1,650	\$	\$
Charges for services	323,208	270,002	35,101		115,920				
Investment income			29,274	11,757		3,594		125	
Contributions						26,708			23,227
Total revenues	<u>323,208</u>	<u>270,002</u>	<u>64,375</u>	<u>55,757</u>	<u>115,920</u>	<u>30,302</u>	<u>1,650</u>	<u>125</u>	<u>23,227</u>
Expenditures:									
Current:									
General government									
Public safety						60,366			
Public works		328,146							
Health and welfare					18,741				3,213
Education									
Library			44,270						
Parks and recreation	343,178								
Capital outlay									
Total expenditures	<u>343,178</u>	<u>328,146</u>	<u>44,270</u>	<u>-</u>	<u>18,741</u>	<u>60,366</u>	<u>-</u>	<u>-</u>	<u>3,213</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,970)</u>	<u>(58,144)</u>	<u>20,105</u>	<u>55,757</u>	<u>97,179</u>	<u>(30,064)</u>	<u>1,650</u>	<u>125</u>	<u>20,014</u>
Other Financing Sources (Uses):									
Transfers out	(50,000)				(122,065)				
Transfers in									
Net other financing sources (uses)	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(69,970)	(58,144)	20,105	55,757	(24,886)	(30,064)	1,650	125	20,014
Fund Balances - Beginning of Year	<u>204,889</u>	<u>(16,823)</u>	<u>832,469</u>	<u>686,321</u>	<u>139,337</u>	<u>248,524</u>	<u>7,689</u>	<u>7,542</u>	<u>5,190</u>
Fund Balances - End of Year	<u>\$ 134,919</u>	<u>\$ (74,967)</u>	<u>\$ 852,574</u>	<u>\$ 742,078</u>	<u>\$ 114,451</u>	<u>\$ 218,460</u>	<u>\$ 9,339</u>	<u>\$ 7,667</u>	<u>\$ 25,204</u>

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**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds	
	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition	Senior Center Van	Total		Capital Nonrecurring
Revenues:									
Intergovernmental	\$ 14,710						\$ 346,748	\$ 1,363,132	\$ 1,709,880
Charges for services				1,643		19,672	925,195		925,195
Investment income					34		45,204		45,204
Contributions					10,000		69,445		69,445
Total revenues	<u>14,710</u>	<u>-</u>	<u>-</u>	<u>1,643</u>	<u>10,034</u>	<u>19,672</u>	<u>1,386,592</u>	<u>1,363,132</u>	<u>2,749,724</u>
Expenditures:									
Current:									
General government	18,467	3,781	1,634		4,118	18,850	184,936		184,936
Public safety							162,158		162,158
Public works							328,146		328,146
Health and welfare	3,135						25,089		25,089
Education							287,730		287,730
Library							44,270		44,270
Parks and recreation							343,178		343,178
Capital outlay							-	1,988,641	1,988,641
Total expenditures	<u>21,602</u>	<u>3,781</u>	<u>1,634</u>	<u>-</u>	<u>4,118</u>	<u>18,850</u>	<u>1,375,507</u>	<u>1,988,641</u>	<u>3,364,148</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,892)</u>	<u>(3,781)</u>	<u>(1,634)</u>	<u>1,643</u>	<u>5,916</u>	<u>822</u>	<u>11,085</u>	<u>(625,509)</u>	<u>(614,424)</u>
Other Financing Sources (Uses):									
Transfers out							(172,065)		(172,065)
Transfers in							63,573	172,855	236,428
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,492)</u>	<u>172,855</u>	<u>64,363</u>
Net Change in Fund Balances	<u>(6,892)</u>	<u>(3,781)</u>	<u>(1,634)</u>	<u>1,643</u>	<u>5,916</u>	<u>822</u>	<u>(97,407)</u>	<u>(452,654)</u>	<u>(550,061)</u>
Fund Balances - Beginning of Year	<u>8,585</u>	<u>(1,036)</u>	<u>7,966</u>	<u>7,735</u>	<u>-</u>	<u>-</u>	<u>2,452,278</u>	<u>1,063,640</u>	<u>3,515,918</u>
Fund Balances - End of Year	<u>\$ 1,693</u>	<u>\$ (4,817)</u>	<u>\$ 6,332</u>	<u>\$ 9,378</u>	<u>\$ 5,916</u>	<u>\$ 822</u>	<u>\$ 2,354,871</u>	<u>\$ 610,986</u>	<u>\$ 2,965,857</u>

## TOWN OF EASTON, CONNECTICUT

**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>ASSETS</b>				
Cash:				
Performance and road bonds	\$ 1,538,821	\$ 306,044	\$ 298,378	\$ 1,546,487
Student activity	<u>40,460</u>	<u>190,932</u>	<u>186,482</u>	<u>44,910</u>
Total Assets	<u>\$ 1,579,281</u>	<u>\$ 496,976</u>	<u>\$ 484,860</u>	<u>\$ 1,591,397</u>
<b>LIABILITIES</b>				
Accounts Payable:				
Performance and road bonds	\$ 1,538,821	\$ 306,044	\$ 298,378	\$ 1,546,487
Student activity	<u>40,460</u>	<u>190,932</u>	<u>186,482</u>	<u>44,910</u>
Total Liabilities	<u>\$ 1,579,281</u>	<u>\$ 496,976</u>	<u>\$ 484,860</u>	<u>\$ 1,591,397</u>

**TOWN OF EASTON, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Total Tax Collections (including interest and lien fees):  
 For the year ended June 30, 2009:  
 Town of Easton \$ 35,859,615

Reimbursement for Revenue Loss:  
 Tax relief for elderly freeze                     -

Base for Debt Limitation Computation \$ 35,859,615

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt Limitation:					
2 1/4 times base	\$ 80,684,134	\$	\$	\$	\$
4 1/2 times base		161,368,268			
3 3/4 times base			134,473,556		
3 1/4 times base				116,543,749	
3 times base					<u>107,578,845</u>
Total debt limitation	<u>80,684,134</u>	<u>161,368,268</u>	<u>134,473,556</u>	<u>116,543,749</u>	<u>107,578,845</u>
Indebtedness:					
Bonds payable	5,902,500	25,557,500			
Bonds anticipation notes payable	6,150,000	3,411,836	363,164		
Authorized, unissued debt	143,020	90,954			
Easton portion of Regional School District No. 9 bonds, net of school building grants		10,514,240			
School building grants		<u>(320,211)</u>			
Net indebtedness	<u>12,195,520</u>	<u>39,254,319</u>	<u>363,164</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u><u>\$ 68,488,614</u></u>	<u><u>\$ 122,113,949</u></u>	<u><u>\$ 134,110,392</u></u>	<u><u>\$ 116,543,749</u></u>	<u><u>\$ 107,578,845</u></u>

The total of the above net indebtedness amounts to: \$ 51,813,003

In no event shall total indebtedness exceed \$251,017,305 or seven times the base for debt limitation computation.